

# Financial Services and Tax Policies that Work for Working Ohioans

## Ensuring the Financial System Strengthens the Middle Class

As a member of the Senate Committee on Banking, Housing, and Urban Affairs and the Chairman of the Subcommittee on Financial Institutions and Consumer Protection, Sen. Brown is working to make sure that the financial services industry is working for Americans in the Midwest, not just those on the coasts. He has fought to end reckless speculation in our financial market and enhance lending to families and small businesses. He has worked to protect taxpayers from “too big to fail” banks while lowering burdens on regional banks, community banks, and credit unions. Sen. Brown believes that this will put our nation on a path toward building an economy that serves Main Street, not just Wall Street.

## Leveling the Playing Field with Wall Street Megabanks

Trillion-dollar banks currently receive unfair subsidies because the market believes that they are “too big to fail.” Sen. Brown is working to end this practice and prevent future bailouts. That is why he introduced the *SAFE Banking Act*, legislation that would place sensible size and limits on Wall Street megabanks. By capping the amount of debt that megabanks can take on, the *SAFE Banking Act* would remove the unfair, taxpayer-supported subsidy they receive by virtue of their size. This legislation would prevent bailouts and protect against economic collapse.



As Chairman of the Senate Banking Subcommittee on Financial Institutions and Consumer Protection, Sen. Brown held hearings on measures that protect taxpayers from the damage caused by Wall Street megabanks, with testimony from Former Federal Reserve Chairman Paul Volcker, Former FDIC Chairman Sheila Bair, FDIC Board Member Thomas Hoenig, and Former IMF Chief Economist Simon Johnson. In August, Sen. Brown was joined by fellow Senate Banking Committee member Sen. David

Vitter (R-LA) in calling on the Federal Reserve to require the six largest Wall Street megabanks to fund themselves with more equity and less debt, and to give fair treatment to regional banks like Ohio’s Key Bank, Huntington, and Fifth Third.

## Eliminating Unnecessary Regulations

Sen. Brown is a cosponsor of common sense legislation to eliminate a duplicative regulation that requires automatic teller machines (ATMs) to post two separate notices regarding fees assessed during a transaction through both an electronic disclosure and a physical disclosure (for example, a placard on the outside of a machine). Unfortunately, these placards are easy to remove and provide a basis for civil lawsuits that may be costly for small banks and credit unions. Sen.

Brown's bill would remove the physical placard requirement while preserving on-screen ATM transaction fee disclosures.

### **Protecting Confidential Community Bank Information**

Although community banks with less than \$10 billion in assets are not supervised by the new Bureau of Consumer Financial Protection (CFPB), there are certain circumstances in which the CFPB may have access to community bank information. Sen. Brown believes that the CFPB should follow the same confidentiality rules that other banking agencies follow. That is why he cosponsored legislation that would extend existing confidential information protections to information provided to the CFPB.

### **Lifting the Arbitrary Cap on Credit Union Business Lending**

By lifting the cap on credit union business lending, Ohio's small businesses will gain access to valuable new economic resources for Ohio's economy at no additional cost to taxpayers. Sen. Brown is a cosponsor of the *Small Business Lending Enhancement Act*, which seeks to lift the cap on credit unions' permitted commercial lending from 12.25 percent to 27.5 percent.



### **Preserving the Tax-Exempt Status of Credit Unions**

Sen. Brown supports the federal tax-exempt status of not-for-profit credit unions that provide valuable financial products to Ohio communities. In July, Sen. Brown wrote to Treasury Secretary Timothy Geithner in support of preserving credit unions' tax status, which stems from the fact that they are a different kind of financial institution focused exclusively on the well-being of their members. Sen. Brown believes that this exemption is appropriate and that it is wrong to take money from credit unions' shareholders, who are also their members.

## **Making Tax Policy Work for the Middle Class**

### **Ensuring a Fair Tax Code**

As a result of the financial crisis, tax revenues have been at the lowest level in over six decades. Over the past three years, revenue has averaged 15.2 percent of GDP; the last time it was this low was in 1950. The best way to tackle this revenue problem is to turn the economy around – more economic growth will mean more profits, which will lead to more revenue. But growth alone will not help fix a tax code that is overly complex and contains many loopholes that benefit the wealthy and special interests. Sen. Brown believes that we need to reform the tax code so that it is simpler and fairer for all Americans and so that the wealthiest Americans and multinational corporations pay their fair share. Our tax code should reward companies and individuals for doing the right thing, like moving jobs home.

## **Paying a Fair Share**

Middle class Ohioans have always worked hard and played by the rules—now it is time that the wealthiest Americans pay their fair share too. Sen. Brown supports the *Middle Class Tax Relief Act* that would extend tax cuts for the middle class – those making less than \$250,000 per year. Sen. Brown believes that we should not raise taxes on the middle class during these challenging economic times. The bill would extend middle class tax cuts for 99 percent of Ohio families, and Ohio households would save an average of \$1,400 on their taxes each year. At the same time, our nation cannot afford to blow a \$900 billion hole in the budget over the next 10 years so that the top two percent can receive tax cuts that they do not need.

## **Simplifying Tax Rules for the Modern Workforce**

In our increasingly mobile economy, employees that travel for their work can wind up having to pay taxes in a number of states even if they only worked in the state(s) for only a few days. This creates confusion and unnecessary costs for taxpayers. For this reason, Sen. Brown introduced the *Mobile Workforce State Income Tax Simplification Act* to create a uniform national standard for collecting employment taxes from out-of-state workers. Currently, 41 states impose a personal income tax on wages, with many differing tax requirements regarding the withholding for income tax of non-residents. A national uniform standard would reduce the burdens imposed on taxpayers and tax preparers by the many different rules covering nonresident income.

## **Easing the Tax Burden for Small Businesses**

To file their tax returns, investors need information on their companies, but the various staggered due dates for filing by legal entities like C-Corporations, S-Corporations, partnerships, and so on, can make tax time confusing and frustrating. Taxpayers and preparers have long struggled with problems created when the proper corporate investment reporting forms arrive late, sometimes within mere days of the extended due date of their personal returns and up to a month after the extended due date of their business returns. Late forms make it difficult, if not impossible, for partnerships and small business pass-throughs to file timely, accurate returns. To address this problem, Sen. Brown is a cosponsor of the bipartisan *Tax Return Due Date Simplification and Modernization Act*, which would update tax filing dates and provide certainty for taxpayers and tax practitioners.